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SUBJECT: Huawei: The Human Resource Component of a Modern Chinese Company

#### The Face of China's Future

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¶1. (U) When you walk around the Huawei "campus," you are staring into China's future in more ways than one. Huawei, one of China's brightest lights in terms of telephone service (fixed, mobile, routers and connectors) and one of the country's most internationally-oriented firms, is also a pioneering company in terms of human resources, working closely with Mercer management consultants to develop a well rounded, educated and productive work force.

#### Training: In depth and Continuous

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¶2. (U) During a briefing for the Consul General and consulate econoff on December 13, Huawei's Senior Vice President for Global Sales, Ding Shaohua, affirmed the old adage that success is measured by the quality of people you have. And the first step toward that success is recruitment. Huawei recruits primarily from Beijing, Qinghua, Zhejiang and Wuhan Universities; it hardly recruits at all in Guangdong province, he said, noting that graduates of schools here are clearly not in the same league as graduates elsewhere. Depending on the type of job they perform, the new employees, once on board, receive 1-3 months of training at Huawei University (which Mr. Ding proudly termed the equivalent of Motorola University in Beijing) and then receive continuous in-service training, sometimes using computers for self study, sometimes actually being released from work to attend classroom sessions. If at the end of their training, they decide to move on elsewhere, they are not required to repay the company for the costs incurred.

¶3. (U) The new hires, mostly single, are also provided with a one bedroom apartment on the 1.3 kilometer campus, a food subsidy and medical insurance; when they marry, they are assisted in finding housing off-campus. One fly in the ointment: it seems that managers get overtime but shop floor workers may receive it only an irregular basis.

#### Employees May be Encouraged to Leave - But Not Fired

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¶4. (U) Huawei's employee force in Shenzhen - 25,000 strong out of 55,000 globally - are constantly being evaluated, as many as 3-4 times a year. Managers use an alphabet scale - A, B, C, D - and those who receive D's four or five times in a row are closely counseled and, in many instances, encouraged to find other employment. People are rarely fired, however, and the attrition

rate is no more than three percent annually. Those who leave voluntarily may be asked to sign a "no compete" agreement; the likelihood is that they will form a company that does business as a Huawei affiliate.

#### Comparison to ZTE's Management Style

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15. (U) Service/employment in Huawei, Mr. Ding told us, is a lifetime career commitment on the part of both employees and managers. Speaking of managers, Ding told us that the number of managers in Huawei is purposefully kept small; that way there is less office politicking and more effort directed at innovation. This he pointed out is unlike ZTE, where the operating style is less collegial and more bureaucratic, perhaps a reflection of ZTE's government connections and focus on the domestic market and Huawei's looser corporate management style, greater private investment, and focus on the international market (which today accounts for 68 percent of its sales). Huawei employees also have a more polished, open approach to work and play, Mr. Ding told us and you can see that in the manner in which Huawei employees interact with their customers as well as their demeanor in engaging one another in private conversation.

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